

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. **8545**



Introduced by Representative Reynante U. Arrogancia

EXPLANATORY NOTE

The country is highly susceptible to devastating natural hazards—situated within the Pacific Ring of Fire and the Pacific Typhoon Belt. It is estimated that at least 20 tropical cyclones hit the Philippines every year.¹ Based on the WorldRiskReport 2025 of the World Risk Index, the country remains the top among other nations with the highest geographic fragmentation and high exposure to weather-related extremes.²

While proficient in disaster rescue and recovery, effective crisis response must be matched by an equally strategic commitment to long-term financial resilience. Considering the nation's high level of vulnerability, this bill seeks to strengthen the country's disaster risk financing mechanisms by institutionalizing a Philippine Disaster Risk Financing and Insurance Strategy specifically for public infrastructure assets.

Disaster Risk Financing And Insurance ensures financial preparedness by securing funds for rapid post-disaster recovery and reconstruction, enabling communities to build back stronger and more resiliently.

This bill has been filed in the previous Congresses, and it is hoped that in the 20th Congress, it will finally become a law.

A large, stylized handwritten signature in black ink, consisting of a large loop and a horizontal stroke.

REP. REYNANTE U. ARROGANCIA
3rd District of Quezon

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AN ACT
STRENGTHENING PHILIPPINE DISASTER RISK FINANCING,
INSTITUTIONALIZING A PHILIPPINE DISASTER RISK FINANCING AND
INSURANCE STRATEGY FOR PUBLIC INFRASTRUCTURE ASSETS, AND
APPROPRIATING FUNDS THEREFOR

Be it enacted in the Senate and the House of Representative in Congress assembled:

1 **SECTION 1. *Short Title.*** – This Act shall be known as the “Public Infrastructure
2 Financing and Insurance Act.”
3

4 **SEC. 2. *Declaration of Policy.*** – The State shall ensure a diverse and multi-layered
5 financing strategy to safeguard its public infrastructure assets from debilitating damage
6 arising from natural or man-made disasters and ensure the continuous and effective
7 delivery of goods and services.
8

9 To this end, the State shall coordinate all existing disaster response financing in
10 relation to the repair, reconstruction, rehabilitation, and mitigation of public infrastructure
11 assets, and shall develop and implement a similar disaster risk financing and insurance
12 (DRFI) strategy with the private sector.
13

14 The DRFI strategy shall follow up-to-date internationally-accepted disaster risk
15 financing principles and standards, shall be information and data-driven, and shall be
16 anchored on a robust public asset management system. The DRFI strategy shall also
17 integrate and utilize up-to-date technology, such as but not limited to artificial intelligence,
18 to advance and optimize current practices in its implementation.
19

20 **SEC. 3. *Definition of Terms.*** – For the purposes of this Act, the following terms shall be
21 used as follows:

a) *Asset Management* defined under ISO 55000:2024 as a set of interrelated and interacting elements of an organization, whose function is to establish the asset management policy and asset management objectives, and the processes needed to achieve those objectives. Elements of the Asset Management System include the policies, plans, business processes and information systems, which are integrated to give assurance that the asset management activities will be delivered in line with organizational objectives.

b) *Disaster* is a serious disruption of the functioning of a community or a society involving human widespread human, material, economic or environmental losses and impacts, which exceeds the ability of the affected community or society to cope using its own resources. Disasters are often described as a result of the combination of the exposure to a hazard; the conditions of vulnerability that are present; and insufficient capacity or measures to reduce or cope with the potential negative consequences.

Disaster impacts may include loss of life, injury, disease and other negative effects on human, physical, mental and social well-being, together with damage to property, destruction of assets, loss of services, social and economic disruption and environmental degradation.

c) *Disaster Risk* is the potential disaster losses in lives, health status, livelihood, assets and services, which could occur to a particular community or a society over some specified future time period.

d) *Government* shall refer to the entire government structure and, as the context may require, shall include local government units, national government agencies, and government-owned and controlled corporations, whether considered collectively or individually and separately.

SEC. 4. Coverage and Scope. – This Act shall apply to all public infrastructure assets owned by the Government, including those owned under Republic Act No. 6957 or the Build-Operate-Transfer Law, as amended. Assets covered under this Section shall include:

- a. Buildings, including but not limited to, schools, hospitals and government offices;
- b. Roads;
- c. Bridges;
- d. Airports;
- e. Ports;
- f. Railways;
- g. Power generation and transmission structures;
- h. Water resource management and supply structures; and
- i. Other similar structures necessary for effective public service delivery.

Insurance and non-insurance financing shall cover repair, reconstruction, and rehabilitation or other similar activities to be undertaken as a result of disasters, natural or man-made in origin, to ensure asset recovery and continuity of public service delivery.

SEC. 5. *Disaster Risk Financing and Insurance Council.* – A council which shall be known as the Disaster Risk Financing and Insurance Council (DRFIC) is hereby created, which shall be headed by the Secretary of the Department of Finance (DOF) as the Chairperson, with the Secretary of the Department of Budget and Management (DBM) and the Secretary of the Department of Economy, Planning, and Development (DEPDev) as Vice Chairpersons. The DRFIC shall be further composed of the following members:

- a. Secretary of the Department of Science and Technology (DOST);
- b. Secretary of the Department of Information and Communications Technology (DICT);
- c. Secretary of the Department of Internal and Local Government (DILG);
- d. Secretary of the Department of National Defense (DND);
- e. Secretary of the Department of Public Works and Highways (DPWH);
- f. President of the Government Service Insurance System (GSIS);
- g. Executive Director of the Climate Change Office of the Climate Change Commission;
- h. Chairperson of the Governance Commission for GOCCs (GCG); and
- i. Chairperson of the Philippine Competition Commission (PCC).

SEC. 6. *Powers and Functions of the DRFIC.* – The DRFIC shall be empowered with policy-making, coordination, and monitoring and evaluation functions, as follows:

- a. Develop a strategic and comprehensive Disaster Risk Financing and Insurance for Public Assets Framework, hereinafter referred to as the DRFI Framework, which shall ensure a streamlined, seamless, responsive, and timely financing for disaster-related repair, reconstruction, mitigation, and rehabilitation of public assets through both non-insurance and insurance financing mechanism.

Financing shall be secured from a combination of sources, such as the public sector, the private sector, or from relevant international financing mechanisms of which the Government of the Republic of the Philippines is a part thereto, to ensure a multi-layered protection for public assets;

- b. Promote policies which shall attract, develop, and expand domestic and overseas investment and capital for disaster risk-related financing;
- c. Conduct relevant valuation, analysis, risk modeling, and forecasting of public asset-related data to identify, develop, and enhance DRFI policies;

- 107 d. Ensure the data integrity of the NARS;
108
109 e. Manage and ensure the insurance of Government public assets;
110
111 f. Review and approve the proposed insurance policies to be entered by the
112 Government with the Consortium;
113
114 g. Develop and establish insurance claim guidelines in coordination with the
115 Consortium;
116
117 h. Ensure competitive practice within the Consortium;
118
119 i. Exercise general oversight and regularly monitor and evaluate compliance and
120 performance of the Consortium;
121
122 j. Develop and maintain an integrated, centralized, and interoperable digital claims
123 management module which shall track, facilitate, and record:
124 1. Public asset insurance transactions such as claims and claims payments
125 between the Government and the Consortium;
126 2. Financing requests and payments charged under the National Disaster
127 Infrastructure Response Fund (NDRIF); and
128 3. Financing requests to the international financing instruments, such as but
129 not limited to the Loss and Damage Fund.
130
131 *Provided*, That the digital module shall have a separate sub-module for insurance-
132 related transactions falling under subparagraph (1) of this subsection, and shall be
133 accessible and integrated into the insurance claims mechanism of the Consortium.
134
135 k. Manage, under a separate and special account the National Disaster Response for
136 Infrastructure Fund (NDRIF);
137
138 l. Provide guidelines and criteria for funding under the NDRIF; *Provided*, That after
139 evaluation and approval of the funding request, the DRFIC shall authorize the
140 release of funds from the same;
141
142 m. Provide guidelines and criteria for funding under the Loss and Damage Fund with
143 the Loss and Damage Fund Board Act, and all other international financing
144 mechanism available with the respective managing bodies;
145
146 n. Provide guidelines for the monitoring, evaluation, and auditing of the utilization
147 of public asset financing from all applicable sources as provided under subsection
148 (a) of this Section;

- o. Submit annual monitoring and evaluation reports of the utilization of public asset financing from all applicable sources to the Commission on Audit (COA);
- p. Create additional *plantilla* positions and/or subordinate offices as may be necessary to perform the functions of the DRFIC, subject to the approval of the DBM;
- q. Ensure guidelines, criteria, and relevant processes in relation to DRFIPA are standardized and non-redundant as far as practicable to cut bureaucratic red tape and ensure swift service delivery;
- r. Perform such other functions and implement additional policies as may be necessary for the effective implementation of this Act.

SEC. 7. *National Public Asset Insurance Consortium.* – A National Public Asset Insurance Consortium (NPAIC) is established, hereby referred to as the Consortium, composed of all insurance and reinsurance companies offering public asset insurance and shall be led by the Government Service Insurance System (GSIS).

The Consortium shall develop the country's domestic local disaster risk insurance strategy and shall aid government-owned in the protection of public assets through the provision of collective public asset insurance and shall ensure rapid claims processing and asset recovery.

SEC. 8. *Functions of the NPAIC.* – The Consortium shall:

- a. Issue insurance policies specifically for public assets annually;
- b. Ensure collective risk sharing among its members;
- c. Evaluate and approve insurance claims made by the Government in a timely manner;
- d. Oversee claims processing and subsequently release approved insurance claims to the Government; and
- e. Submit data regarding insurance claims and payments to the Consortium.

SEC. 9. *National Disaster Response for Infrastructure Fund.* – The existing financing functions for infrastructure for repair, reconstruction, rehabilitation, or disaster mitigation under the National Disaster Risk Reduction Management Fund is hereby transferred to the National Disaster Response for Infrastructure Fund (NDRIF), hereby created under this Act.

The NDRIF shall be managed by the DBM, and its use shall be guided by the principles of the DRFI Framework.

Financing requests under the NDRIF shall be subject to the evaluation and approval of the DRFIC; *Provided*, That the DRFIC shall, to the greatest extent necessary,

ensure that the NDRIF shall not be the sole funding source for repair, reconstruction, rehabilitation, or disaster mitigation.

SEC. 10. *Tax Incentive for Members of the Consortium.* – To spur investment into Disaster Risk Financing and Insurance, a reduction of five percent (5%) on the prevailing Corporate Income Tax on member companies of the Consortium shall be implemented for the first five (5) years after its effectivity. Thereafter, Congress shall review the tax incentive policy for remedial legislation.

SEC. 11. *Appropriations.* – For the purposes of this Act:

- a. National Disaster Response for Infrastructure Fund – an initial and minimum fund of Twenty Billion Pesos (Php 20,000,000,000.00) shall be allocated for NDRIF for the first year of its implementation. Thereafter, regular appropriations for this purpose shall be included in the annual General Appropriations Act.
- b. Premiums for Insurance – the initial fund for the payment of insurance premiums shall be included in the annual appropriations of the Government as determined by the insurance policy approved by the DRFIC; *Provided, That* premium payments for GOCCs and LGUs shall likewise be included in the annual General Appropriations as national government subsidies.

All other appropriations necessary for the implementation of this Act shall be determined by the Department of Budget and Management and shall be included in the annual General Appropriations.

SEC. 12. *Congressional Oversight Committee.* – There is hereby created a Congressional Oversight Committee to monitor and oversee the implementation of the provisions of this Act. The Committee shall be composed of six (6) members from the Senate and six (6) members from the House of Representatives, with the Chairpersons of the Committee on Climate Change of the Senate and the Committee on Disaster Resilience of the House of Representatives as joint Chairpersons of this Committee. The five (5) other members from each Chamber are to be designated by the Senate President and the Speaker of the House of Representatives, respectively. The minority shall be entitled to at least two (2) representatives from each Chamber.

SEC. 13. *Annual Report.* – The DRFIC shall submit to the Office of the President, the House of Representatives, and the Senate an annual report relating to the progress and status of the implementation of this Act not later than the last day of November of every fiscal year.

SEC. 14. *Implementing Rules and Regulations.* – The DRFIC shall issue the necessary rules and regulations for the implementation of this Act ninety (90) days after the approval of this Act, in consultation with the Consortium as well as other key stakeholders.

235 **SEC. 15. *Separability Clause.*** – If any provision of this Act is declared invalid, the
236 remaining provisions shall not be affected.
237

238 **SEC. 16. *Repealing Clause.*** – All other laws, decrees, executive orders and rules and
239 regulations contrary to or inconsistent with the provisions of this Act are hereby repealed
240 or amended accordingly.
241

242 **SEC. 17. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days after its complete
243 publication in the Official Gazette or in a newspaper of general circulation.
244

245 *Approved,*